

Message Text

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ORIGIN SS-25

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FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO PRIORITY

S E C R E T STATE 021617

EXDIS

E.O. 11652:GDS

TAGS:EFIN, CI

SUBJECT:CHILE DEBT RESCHEDULING

REF: BONN 1200

1. USG IS CURRENTLY MAKING PREPARATIONS FOR MARCH MEETING OF PARIS CLUB TO CONSIDER RESCHEDULING OF CHILE'S 1975 DEBT. AS LAST YEAR, U.S. INTENDS TO SUPPORT CHILE'S REQUEST FOR RESCHEDULING ON MOST GENEROUS TERMS POSSIBLE DUE TO CHILE'S BALANCE OF PAYMENTS PROSPECTS. DISCUSSIONS WITH IMF INDICATE THAT THEY WILL RECOMMEND 100 PERCENT RESCHEDULING OF ELIGIBLE DEBT BECAUSE OF MAGNITUDE OF 1975 BALANCE OF PAYMENTS GAP AND PESSIMISTIC MEDIUM-TERM OUTLOOK BASED ON (AMONG OTHER THINGS) LOW COPPER PRICES.

2. IN THIS CONNECTION, EMBASSY IS REQUESTED TO CONTACT RAUL SAEZ AND CARLOS MASSAD CONCERNING USEFULNESS OF KEEPING US APPRISED OF THEIR POSITION AND TACTICS ON RESCHEDULING BEFORE THEY BEGIN DISCUSSIONS WITH OTHER CREDITORS AND AGAIN PRIOR TO PARIS CLUB MEETING. FYI ONLY. DURING LAST YEAR'S PARIS CLUB NEGOTIATIONS, SAEZ'S BARGAINING TACTICS WERE NOT
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ALWAYS CONSISTENT WHICH AT TIMES MADE IT DIFFICULT FOR U.S.

DELEGATION TO BE HELPFUL. UK, FRG AND SPAIN HAVE TOLD US
THAT GOC STATES THAT IT WOULD SETTLE FOR RESCHEDULING TERMS
IN 1975 ALONG THE LINES OF LAST YEAR'S, WHEN TACTICALLY IT

WOULD BE WISER TO BEGIN DISCUSSIONS BY ASKING FOR MORE
GENEROUS SETTLEMENT AT OUTSET. END FYI.

3. U.S. WOULD HOPE TO RESERVE GOC'S VIEWS ASAP ON QUESTION
OF POSITIONS AND NEGOTIATING TACTICS. PLEASE ADVISE WHEN
SAEZ WILL BE VISITING U.S. TO CONSULT ON DEBT RESCHEDULING.
HE PREVIOUSLY HAD MENTIONED HOLDING TALKS IN LATE JANUARY,
BUT APPARENTLY IS PRESENTLY IN EUROPE OR IRAN. KISSINGER

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Message Attributes

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